urad and to close out all outstanding positions in all tur and urad contracts at the closing price on 23.01.2007. FMC has also stated that no further contract shall be launched without its prior approval, and permission already granted to launch contracts in urad and tur stands withdrawn.

(c) With the delisting of the tur and urad contracts, futures trading in these commodities has stopped. Price of commodities are determined by a variety of factors operating on the supply and demand side. It is, therefore, difficult to correlate the movement in the prices of tur and urad in the wholesale and retail market to the action taken by FMC referred to above. In the context of discussion regarding whether and to what extent futures trading has contributed to price rise in agricultural commodities in recent times, the Government has set up a Expert Committee on 2/3/2007 under the Chairmanship of Processor Abhijit Sen, Member, Planning Commission to study, inter alia, the extent of impact, if any, of futures trading on wholesale and retail prices of agricultural commodities.

**Taking of Foreign Loans by Banks**

†1532. SHRI SATYAVRAT CHATURVEDI:
SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Indian Banks are making efforts to take loans from foreign countries;

(b) if so, the details thereof;

(c) the reasons for Indian Banks taking loans from foreign countries; and

(d) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Under the extant regulations, banks in India are allowed to borrow from their head office, overseas correspondents and branches an amount not exceeding 25% of their unimpaired Tier I capital or USD 10 million (or its equivalent), whichever is higher. However, overseas borrowing for the purpose of financing export credit, subordinated debt placed by head office of foreign banks and Innovative Perpetual Debt

†Original notice of the question was received in Hindi

Instrument and Upper Tier II instruments issued in foreign currency by banks in India are outside the above limits for overseas foreign currency borrowing. Further, under the current External Commercial Borrowing (ECB) guidelines, banks can raise ECB only for financing textile/steel restructuring package approved by the Government of India During the year 2006-07, no such reimbursements have been proposed by banks. As at the end of January, 2007, the total Overseas Borrowings of all banks was USD 12938.82 million. As per market estimates, overseas borrowings in foreign currency are cheaper by 50-75 basis points as compared to local borrowings in foreign currency. Further, as per market sources, a cost differential of 100-150 basis point is available for foreign currency borrowings vis-a-vis rupee borrowings. In some currencies, the market participants find it attractive to raise resources from overseas given the interest rate diferentials as well as expected exchange rate movements.

**Increase rate of circulation of money**

†1533, SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that due to increased rate of circulation of money in the country, the inflation rate has gone highest than in the previous two years;

(b) if so, the details thereof alongwith the status of circulation of money as on 19th January, 2007 and to what extent it was more than the same in January, 2006; and

(c) the reasons responsible for increase in circulation of money being more in the year 2006-07 than in the year 2005-06.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The growth in broad money ($M_3$) supply during 2004-05 and 2005-06 was 12.3 per cent and 17.0 per cent, respectively. The year-on-year growth in $M_3$ as on January 19,2007 was 21.1 per cent as compared to 15.6 per cent on the corresponding date of the previous year. Point-to-point inflation, as measured by the wholesale

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